

117TH CONGRESS
2D SESSION

S. 3953

To amend the Higher Education Act of 1965 in order to increase usage of the Federal student loan income-based repayment plan and improve repayment options for borrowers, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 30, 2022

Mr. MERKLEY (for himself, Ms. HASSAN, Ms. CORTEZ MASTO, Mr. SCHATZ, Mr. WYDEN, Mr. VAN HOLLEN, Ms. BALDWIN, Mr. BLUMENTHAL, Mr. CARDIN, and Mr. BOOKER) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To amend the Higher Education Act of 1965 in order to increase usage of the Federal student loan income-based repayment plan and improve repayment options for borrowers, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Affordable Loans for Any Student Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
 Sec. 2. References in Act.

TITLE I—SIMPLIFYING REPAYMENT PLANS

- Sec. 101. Income-based repayment plan.
 Sec. 102. Fixed repayment plan.
 Sec. 103. Termination of certain repayment plan options.
 Sec. 104. Providing incentives to switch into simplified repayment plans.
 Sec. 105. Study and procedures on determining family size.

TITLE II—ENDING INTEREST CAPITALIZATION AND ORIGINATION FEES

- Sec. 201. Ending interest capitalization for Federal Direct Loans.
 Sec. 202. Elimination of origination fees for Federal Direct Loans.

TITLE III—PROVIDING ASSISTANCE IN SITUATIONS OF BORROWER DISTRESS

- Sec. 301. Limits on seizing income for debt.
 Sec. 302. Allowing for multiple loan rehabilitations.
 Sec. 303. Pause payment process.
 Sec. 304. Automatic enrollment into income-based repayment for borrowers who are delinquent on loans and for borrowers who rehabilitate defaulted loans.
 Sec. 305. Separating joint consolidation loans.
 Sec. 306. Removing the collection cost requirement.

TITLE IV—IMPROVING LOAN INFORMATION AND COUNSELING

- Sec. 401. Student loan contract; simplifying loan disclosures.
 Sec. 402. Pre-loan information and counseling requirements.
 Sec. 403. Exit counseling.
 Sec. 404. Online counseling tools.
 Sec. 405. Private education loan certification and information.

TITLE V—EFFECTIVE DATE; TRANSITION; IMPLEMENTATION

- Sec. 501. Effective date; rulemaking regarding termination of certain repayment termination of certain repayment plans; implementation.

1 **SEC. 2. REFERENCES IN ACT.**

2 Except as otherwise expressly provided in this Act,
 3 wherever an amendment or repeal is expressed in terms
 4 of an amendment to or repeal of a section or other provi-
 5 sion, the reference shall be considered to be made to that
 6 section or other provision of the Higher Education Act of
 7 1965 (20 U.S.C. 1001 et seq.).

TITLE I—SIMPLIFYING REPAYMENT PLANS

SEC. 101. INCOME-BASED REPAYMENT PLAN.

Section 493C (20 U.S.C. 1098e) is amended to read as follows:

“SEC. 493C. INCOME-BASED REPAYMENT.

“(a) DEFINITIONS.—In this section:

“(1) EXCEPTED PLUS LOAN.—The term ‘excepted PLUS loan’ means a loan under section 428B, or a Federal Direct PLUS Loan, that is made, insured, or guaranteed on behalf of a dependent student.

“(2) EXCEPTED CONSOLIDATION LOAN.—The term ‘excepted consolidation loan’ means a consolidation loan under section 428C, or a Federal Direct Consolidation Loan, if the proceeds of such loan were used to the discharge the liability on an excepted PLUS loan.

“(3) PARTIAL FINANCIAL HARDSHIP.—The term ‘partial financial hardship’, when used with respect to a borrower, means that for such borrower—

“(A) the annual amount due on the total amount of loans made, insured, or guaranteed under part B or D (other than an excepted PLUS loan or excepted consolidation loan) to a

1 borrower as calculated under the standard re-
 2 payment plan under section 428(b)(9)(A)(i) or
 3 455(d)(1)(A), based on a 10-year repayment
 4 period; exceeds

5 “(B) 15 percent of the result obtained by
 6 calculating, on at least an annual basis, the
 7 amount by which—

8 “(i) the borrower’s, and the bor-
 9 rower’s spouse’s (if applicable), adjusted
 10 gross income; exceeds

11 “(ii) 150 percent of the poverty line
 12 applicable to the borrower’s family size as
 13 determined under section 673(2) of the
 14 Community Services Block Grant Act (42
 15 U.S.C. 9902(2)).

16 “(b) INCOME-BASED REPAYMENT PROGRAM FOR
 17 BORROWERS WHO ENTER INCOME-BASED REPAYMENT
 18 BEFORE JULY 1, 2022.—Notwithstanding any other pro-
 19 vision of this Act, the Secretary shall carry out a program
 20 under which—

21 “(1) a borrower of any loan made, insured, or
 22 guaranteed under part B or D (other than an ex-
 23 cepted PLUS loan or excepted consolidation loan)
 24 who has a partial financial hardship (whether or not
 25 the borrower’s loan has been submitted to a guar-

1 anty agency for default aversion or had been in de-
2 fault) may elect, during any period the borrower has
3 the partial financial hardship, to have the borrower's
4 aggregate monthly payment for all such loans not
5 exceed the result described in subsection (a)(3)(B)
6 divided by 12;

7 “(2) the holder of such a loan shall apply the
8 borrower's monthly payment under this subsection
9 first toward interest due on the loan, next toward
10 any fees due on the loan, and then toward the prin-
11 cipal of the loan;

12 “(3) any interest due and not paid under para-
13 graph (2)—

14 “(A) shall, on subsidized loans, be paid by
15 the Secretary for a period of not more than 3
16 years after the date of the borrower's election
17 under paragraph (1); and

18 “(B) beginning on the effective date of the
19 Affordable Loans for Any Student Act, for an
20 eligible loan made, insured, or guaranteed
21 under this title, shall not be capitalized and
22 shall be added to the balance of interest due for
23 the loan;

24 “(4) any principal due and not paid under
25 paragraph (2) shall be deferred;

1 “(5) the amount of time the borrower makes
2 monthly payments under paragraph (1) may exceed
3 10 years;

4 “(6) if the borrower no longer has a partial fi-
5 nancial hardship or no longer wishes to continue the
6 election under this subsection, then—

7 “(A) the maximum monthly payment re-
8 quired to be paid for all loans made to the bor-
9 rower under part B or D (other than an ex-
10 cepted PLUS loan or excepted consolidation
11 loan) shall not exceed the monthly amount cal-
12 culated under section 428(b)(9)(A)(i) or
13 455(d)(1)(A), based on a 10-year repayment
14 period, when the borrower first made the elec-
15 tion described in this subsection; and

16 “(B) the amount of time the borrower is
17 permitted to repay such loans may exceed 10
18 years;

19 “(7) the Secretary shall repay or cancel any
20 outstanding balance of principal and interest due on
21 all loans made under part B or D (other than a loan
22 under section 428B or a Federal Direct PLUS
23 Loan) to a borrower who—

1 “(A) at any time, elected to participate in
2 income-based repayment under paragraph (1);
3 and

4 “(B) for a period of time prescribed by the
5 Secretary, not to exceed 25 years, meets 1 or
6 more of the following requirements—

7 “(i) has made reduced monthly pay-
8 ments under paragraph (1) or paragraph
9 (6);

10 “(ii) has made monthly payments of
11 not less than the monthly amount cal-
12 culated under section 428(b)(9)(A)(i) or
13 455(d)(1)(A), based on a 10-year repay-
14 ment period, when the borrower first made
15 the election described in this subsection;

16 “(iii) has made payments of not less
17 than the payments required under a stand-
18 ard repayment plan under section
19 428(b)(9)(A)(i) or 455(d)(1)(A) with a re-
20 payment period of 10 years;

21 “(iv) has made payments under an in-
22 come-contingent repayment plan under sec-
23 tion 455(d)(1)(D); or

1 “(v) has been in deferment due to an
 2 economic hardship described in section
 3 435(o);

4 “(8) a borrower who is repaying a loan made
 5 under part B or D pursuant to income-based repay-
 6 ment may elect, at any time, to terminate repayment
 7 pursuant to income-based repayment and repay such
 8 loan under the fixed repayment plan under section
 9 493E; and

10 “(9) the special allowance payment to a lender
 11 calculated under section 438(b)(2)(I), when cal-
 12 culated for a loan in repayment under this section,
 13 shall be calculated on the principal balance of the
 14 loan and on any accrued interest unpaid by the bor-
 15 rower in accordance with this section.

16 “(c) INCOME-BASED REPAYMENT PROGRAM FOR
 17 BORROWERS WHO ENTER INCOME-BASED REPAYMENT
 18 ON OR AFTER JULY 1, 2022.—

19 “(1) IN GENERAL.—Notwithstanding any other
 20 provision of this section, the provisions of this sub-
 21 section shall apply—

22 “(A) with respect to any loan made, in-
 23 sured, or guaranteed under this title for which
 24 the borrower enters repayment on or after July
 25 1, 2022, and for which the borrower elects the

1 income-based repayment plan under this sec-
 2 tion; and

3 “(B) with respect to any loan made, in-
 4 sured, or guaranteed under this title for which
 5 the borrower enrolled in an income-based repay-
 6 ment plan before July 1, 2022, if such borrower
 7 elects to enter the income-based repayment plan
 8 under this subsection, in accordance with para-
 9 graph (3).

10 “(2) SPECIAL TERMS.—With respect to a loan
 11 described in paragraph (1), the following terms shall
 12 apply to the income-based repayment plan carried
 13 out under this section:

14 “(A)(i) Notwithstanding subsection
 15 (a)(3)(B), (b), or (e)—

16 “(I) the annual repayment amount
 17 under this subsection—

18 “(aa) with respect to a borrower
 19 whose (and whose spouse’s, if applica-
 20 ble) adjusted gross income equals or
 21 exceeds 1,300 percent of the poverty
 22 line that is applicable to the bor-
 23 rower’s family size as determined
 24 under section 673(2) of the Commu-
 25 nity Services Block Grant Act (42

1 U.S.C. 9902(2)) shall be an amount
2 equal to 10 percent of such adjusted
3 gross income;

4 “(bb) with respect to a borrower
5 whose (and whose spouse’s, if applica-
6 ble) adjusted gross income equals or
7 exceeds 800 percent of the poverty
8 line but is less than 1,300 percent of
9 the poverty line that is applicable to
10 the borrower’s family size as deter-
11 mined under section 673(2) of the
12 Community Services Block Grant Act
13 (42 U.S.C. 9902(2)) shall be equal to
14 the amount determined under clause
15 (ii)(I);

16 “(cc) with respect to a borrower
17 whose (and whose spouse’s, if applica-
18 ble) adjusted gross income exceeds
19 250 percent of the poverty line but is
20 less than 800 percent of the poverty
21 line that is applicable to the bor-
22 rower’s family size as determined
23 under section 673(2) of the Commu-
24 nity Services Block Grant Act (42
25 U.S.C. 9902(2)) shall be equal to the

1 amount determined under clause
2 (ii)(II); and

3 “(dd) with respect to a borrower
4 whose (and whose spouse’s, if applica-
5 ble) adjusted gross income equals or
6 is less than 250 percent of the poverty
7 line that is applicable to the bor-
8 rower’s family size as determined
9 under section 673(2) of the Commu-
10 nity Services Block Grant Act (42
11 U.S.C. 9902(2)) shall be an amount
12 equal to 0 percent of such adjusted
13 gross income; and

14 “(II) a borrower’s monthly payment
15 shall be determined in accordance with
16 subclause (I) divided by 12, which amount
17 may exceed the monthly repayment
18 amount under a standard 10-year repay-
19 ment plan or a fixed repayment plan de-
20 scribed in section 493E.

21 “(ii)(I)(aa) For purposes of clause
22 (i)(I)(bb), the annual repayment amount for
23 borrowers described in such clause shall be an
24 amount equal to 10 percent of the result ob-

1 tained by calculating, on at least an annual
2 basis, the amount by which—

3 “(AA) the borrower’s, and the bor-
4 rower’s spouse’s (if applicable), adjusted
5 gross income; exceeds

6 “(BB) the percent determined under
7 item (bb) of the poverty line that is appli-
8 cable to the borrower’s family size as de-
9 termined under section 673(2) of the Com-
10 munity Services Block Grant Act (42
11 U.S.C. 9902(2)).

12 “(bb) The percent shall be determined
13 under this item as follows:

14 “(AA) If the borrower’s, and the bor-
15 rower’s spouse’s (if applicable), adjusted
16 gross income equals 800 percent of the
17 poverty line that is applicable to the bor-
18 rower’s family size as determined under
19 section 673(2) of the Community Services
20 Block Grant Act (42 U.S.C. 9902(2)), the
21 percent shall be equal to 250 percent.

22 “(BB) If the borrower’s, and the bor-
23 rower’s spouse’s (if applicable), adjusted
24 gross income exceeds 800 percent of the
25 poverty line but is less than 1,300 percent

1 of the poverty line that is applicable to the
 2 borrower's family size as determined under
 3 section 673(2) of the Community Services
 4 Block Grant Act (42 U.S.C. 9902(2)), the
 5 percent shall be equal to 250 percent re-
 6 duced by 0.5 percentage points for every 1
 7 percentage point increase in the bor-
 8 rower's, and the borrower's spouse's (if ap-
 9 plicable), adjusted gross income that is
 10 more than 800 percent.

11 “(II) For purposes of clause (i)(I)(cc), the an-
 12 nual repayment amount for borrowers described in
 13 such clause shall be an amount equal to 10 percent
 14 of the result obtained by calculating, on at least an
 15 annual basis, the amount by which—

16 “(aa) the borrower's, and the borrower's
 17 spouse's (if applicable), adjusted gross income;
 18 exceeds

19 “(bb) 250 percent of the poverty line that
 20 is applicable to the borrower's family size as de-
 21 termined under section 673(2) of the Commu-
 22 nity Services Block Grant Act (42 U.S.C.
 23 9902(2)).

1 “(B) Notwithstanding subsection (e)(2), sub-
2 section (b)(7)(B) shall be applied by substituting ‘20
3 years’ for ‘25 years’.

4 “(C) Notwithstanding subparagraph (A) of sub-
5 section (b)(6), a borrower of such a loan shall not
6 be required to have a partial financial hardship and
7 may elect, and remain enrolled in, the income-based
8 repayment plan under this section regardless of in-
9 come level, with the repayment amount calculated
10 under subparagraph (A).

11 “(D) Notwithstanding subsection (b), a bor-
12 rower of an excepted PLUS loan or excepted consoli-
13 dation loan may elect the income-based repayment
14 plan under this subsection for the excepted PLUS
15 loan or excepted consolidation loan, and the Sec-
16 retary shall treat such loan, only for the purposes of
17 the repayment terms, as a Federal Direct PLUS
18 Loan issued to a student borrower. The Secretary
19 may issue rules and regulations, as the Secretary de-
20 termines necessary, regarding the treatment of ex-
21 cepted PLUS loans or excepted consolidation loans
22 that are to be repaid under an income-based repay-
23 ment plan under this subsection.

24 “(3) RULE FOR BORROWERS IN INCOME-BASED
25 REPAYMENT BEFORE JULY 1, 2022.—A borrower of

1 a loan made, insured, or guaranteed under this title
 2 who enrolled in an income-based repayment plan be-
 3 fore July 1, 2022, may choose to retain such repay-
 4 ment plan or elect to enter an income-based repay-
 5 ment plan under this subsection or a fixed repay-
 6 ment plan described in section 493E, as provided in
 7 section 428(b)(1)(D)(ii) or section 455(d)(7) (as ap-
 8 plicable).

9 “(4) INTEREST ACCRUAL.—Notwithstanding
 10 any other provision of this Act, if a borrower’s
 11 monthly payment for a loan under an income-based
 12 repayment plan under this subsection is insufficient
 13 to pay the accrued interest on the borrower’s loan
 14 for such month, any interest due and not paid on
 15 the loan for that month shall be paid or forgiven by
 16 the Secretary.

17 “(5) WRITTEN, ELECTRONIC, OR VERBAL EN-
 18 ROLLMENT IN INCOME-BASED REPAYMENT.—

19 “(A) IN GENERAL.—A borrower of a loan
 20 made under this part may elect to repay such
 21 loan under the income-based repayment plan
 22 under this subsection by providing written, elec-
 23 tronic, or verbal notice to the Secretary of the
 24 borrower’s desire to make such election, subject
 25 to subparagraph (C).

1 “(B) USE OF INFORMATION.—

2 “(i) IN GENERAL.—The estimated
3 monthly payment amount under this sec-
4 tion for a loan for a borrower who makes
5 an election described in subparagraph (A)
6 shall be immediately calculated using the
7 income and family size information pro-
8 vided through the borrower’s written, elec-
9 tronic, or verbal statement.

10 “(ii) VERIFICATION.—The informa-
11 tion described in clause (i) shall be verified
12 by the Secretary not later than 90 days
13 after the date the borrower states such in-
14 come and family size information. If the
15 Secretary is unable to verify the informa-
16 tion by the end of the 90-day period, the
17 borrower’s payment after such 90-day pe-
18 riod will be the amount applicable under
19 the fixed repayment plan under section
20 493E.

21 “(iii) ADJUSTMENT IF NECESSARY.—
22 Upon verification by the Secretary under
23 clause (ii), the Secretary shall adjust the
24 estimated monthly payment described in
25 clause (i) based on the verified income and

1 family size information of the borrower, if
2 necessary. Any adjusted monthly payment
3 shall take effect beginning with the pay-
4 ment due not less than 60 days after the
5 Secretary notifies the borrower of the ad-
6 justed amount. The Secretary shall con-
7 sider any payments made prior to the ad-
8 justed monthly payment as having satisfied
9 the amount due to qualify toward loan can-
10 cellation or forgiveness options under this
11 title.

12 “(C) LIMITATION.—The Secretary shall
13 permit a borrower to make an election of in-
14 come-based repayment in the written, elec-
15 tronic, or verbal manner described in subpara-
16 graph (A) only in connection with the first in-
17 stance of each of the following:

18 “(i) The borrower’s selection of a re-
19 payment plan during the grace period for
20 such loan.

21 “(ii) The borrower changing from the
22 fixed repayment plan under section 493E
23 to income-based repayment.

1 “(iii) The borrower’s failure to com-
2 plete the verification process described in
3 subparagraph (B)(ii).

4 “(iv) The borrower’s failure to recer-
5 tify enrollment in income-based repayment
6 under this subsection.

7 “(d) CALCULATION OF ADJUSTED GROSS INCOME
8 FOR MARRIED BORROWERS.—The Secretary shall cal-
9 culate the adjusted gross income of a married borrower
10 under this section—

11 “(1) in the case of a married borrower and
12 spouse who jointly file a Federal income tax return,
13 based on the adjusted gross income of the borrower
14 and spouse as reported on the Federal income tax
15 return; and

16 “(2) in the case of a married borrower who files
17 a Federal income tax return separately from the
18 borrower’s spouse, based on the sum of the adjusted
19 gross income of the borrower and the spouse, as re-
20 ported on the applicable Federal income tax returns,
21 unless the borrower certifies, on a form approved by
22 the Secretary, that the borrower is—

23 “(A) separated from the borrower’s spouse;
24 or

1 “(B) unable to reasonably access the in-
2 come information of the borrower’s spouse.

3 “(e) SPECIAL TERMS FOR NEW BORROWERS ON AND
4 AFTER JULY 1, 2014.—With respect to any loan made
5 to a new borrower on or after July 1, 2014—

6 “(1) subsection (a)(3)(B) shall be applied by
7 substituting ‘10 percent’ for ‘15 percent’; and

8 “(2) subsection (b)(7)(B) shall be applied by
9 substituting ‘20 years’ for ‘25 years’.

10 “(f) ELIGIBILITY DETERMINATIONS AND AUTOMATIC
11 RECERTIFICATION.—

12 “(1) IN GENERAL.—Beginning as soon as the
13 Secretary determines practicable after the Secretary
14 finalizes the procedures under section 105 of the Af-
15 fordable Loans for Any Student Act, the Secretary
16 shall establish and implement, with respect to any
17 borrower described in paragraph (2), procedures
18 to—

19 “(A) obtain (for each year of repayment
20 and without further action by the borrower)
21 such information as is reasonably necessary re-
22 garding the income of such borrower (and the
23 borrower’s spouse, if applicable), for the pur-
24 pose of determining the repayment obligation of
25 the borrower for such year, including informa-

tion with respect to the borrower's family size in accordance with the procedures under such section 105, subject to subparagraph (B);

“(B) allow the borrower, at any time, to opt out of subparagraph (A) and prevent the Secretary from obtaining information under such subparagraph without further action by the borrower;

“(C) provide the borrower with an opportunity to update the information obtained under subparagraph (A) before the determination of the annual repayment obligation of the borrower; and

“(D) in the case of a borrower for whom adjusted gross income can be obtained under this subsection and meets the qualifications of a payment amount of \$0, ensure that the borrower will not be required to provide the Secretary with other documentation of income and provide the borrower with a calculated monthly payment of \$0.

“(2) APPLICABILITY.—

“(A) IN GENERAL.—Paragraph (1) shall apply to each borrower of a loan made under this part who, on or after the date on which the

1 Secretary establishes procedures under such
2 paragraph—

3 “(i) selects, or for whom the Secretary
4 selected under subparagraph (C) or (D) of
5 paragraph (8), or paragraph (9), of sub-
6 section (d), or section 428(m)(1), an in-
7 come-based repayment plan; or

8 “(ii) recertifies income and family size
9 under such plan.

10 “(B) ELIGIBILITY EXCEPTION.—A bor-
11 rower for whom adjusted gross income is un-
12 available because the borrower has been granted
13 an extension on filing the borrower’s income
14 taxes or is undergoing an audit or examination
15 by the Internal Revenue Service shall not auto-
16 matically be eligible for the calculated monthly
17 payment of \$0 in accordance with paragraph
18 (1)(D) during such period. When the extension,
19 audit, or examination is completed, the Sec-
20 retary shall resume consideration of the bor-
21 rower for automatic recertification under the
22 procedures described in paragraph (1), includ-
23 ing subparagraph (D) of such paragraph (if ap-
24 plicable).

1 “(3) AVAILABILITY OF RETURNS AND RETURN
 2 INFORMATION.—Returns and return information (as
 3 defined in section 6103 of the Internal Revenue
 4 Code of 1986) may be obtained under paragraph
 5 (1)(A) only to the extent authorized by section
 6 6103(l)(13) of such Code.”.

7 **SEC. 102. FIXED REPAYMENT PLAN.**

8 Part G of title IV (20 U.S.C. 1088 et seq.) is amend-
 9 ed by adding at the end the following:

10 **“SEC. 493E. FIXED REPAYMENT PLAN.**

11 “(a) IN GENERAL.—A borrower of a loan made under
 12 part D on or after July 1, 2022, and a borrower who is
 13 in repayment on a loan made, insured, or guaranteed
 14 under part B or D before July 1, 2022, may elect to repay
 15 such loan under the fixed repayment plan described in this
 16 section.

17 “(b) FIXED REPAYMENT PLAN.—Under the fixed re-
 18 payment plan, a borrower shall repay each loan described
 19 in subsection (a) with a fixed monthly repayment amount
 20 paid over a period of 10 years, subject to subsection (c).

21 “(c) SPECIAL RULES.—

22 “(1) MINIMUM.—If a borrower’s monthly pay-
 23 ment under this section (except for the final pay-
 24 ment on the loan) is less than \$25, the Secretary

1 shall establish the borrower’s monthly payment as
 2 \$25.

3 “(2) ALTERNATIVE MINIMUM PAYMENTS.—Not-
 4 withstanding paragraph (1), the Secretary may ac-
 5 cept an alternative minimum payment amount,
 6 which may include an amount of less than \$25, to
 7 account for a borrower’s exceptional cir-
 8 cumstances.”.

9 **SEC. 103. TERMINATION OF CERTAIN REPAYMENT PLAN**
 10 **OPTIONS.**

11 (a) FFEL PROGRAM REPAYMENT PLAN OPTIONS.—
 12 Section 428(b) (20 U.S.C. 1078(b)) is amended—

13 (1) in paragraph (1)—

14 (A) in subparagraph (D)—

15 (i) in clause (ii), by striking “may an-
 16 nually change the selection of a repayment
 17 plan under this part,” and inserting “may
 18 at any time on or after July 1, 2022,
 19 change the selection of a repayment plan
 20 under this part or part G to one of the 2
 21 repayment plans described in paragraph
 22 (9)(C),”; and

23 (ii) in clause (iii), by inserting “or, in
 24 the case of a default that occurs on or
 25 after July 1, 2022, be subject to income-

1 based repayment in accordance with sec-
 2 tion 493C(c)” before the semicolon at the
 3 end;

4 (B) in subparagraph (E)(i), by striking
 5 “the option of repaying the loan in accordance
 6 with a standard, graduated, income-sensitive, or
 7 extended repayment schedule (as described in
 8 paragraph (9)) established by the lender in ac-
 9 cordance with regulations of the Secretary;
 10 and” and inserting “the option of repaying the
 11 loan in accordance with an applicable repay-
 12 ment plan described in paragraph (9)(C)”;

13 (C) by striking subparagraph (L); and

14 (2) in paragraph (9)—

15 (A) in subparagraph (A)—

16 (i) in the subparagraph heading, by
 17 inserting “BEFORE JULY 1, 2022” after
 18 “SELECTION”; and

19 (ii) in the matter preceding clause

20 (i)—

21 (I) by inserting “or subparagraph
 22 (C), as applicable,” after “this sub-
 23 paragraph”; and

1 (II) by striking “The borrower”
2 and inserting “Before July 1, 2022,
3 the borrower”;

4 (B) in subparagraph (B), by inserting be-
5 fore the period at the end “or, for a borrower
6 entering repayment on or after July 1, 2022,
7 the lender shall provide the borrower with the
8 fixed repayment plan described in section
9 493E”; and

10 (C) by adding at the end the following:

11 “(C) SELECTION OF REPAYMENT PLANS
12 ON AND AFTER JULY 1, 2022.—Notwithstanding
13 any other provision of law, and in accordance
14 with regulations promulgated, beginning on
15 July 1, 2022, a lender shall offer a borrower of
16 a loan made, insured, or guaranteed under this
17 part the opportunity to change repayment plans
18 at any time on or after July 1, 2022, and then
19 not more than once per calendar year there-
20 after. The borrower may choose between the
21 following repayment plans:

22 “(i) A fixed repayment plan described
23 in section 493E.

24 “(ii) The income-based repayment
25 plan under section 493C(c).”.

1 (b) FEDERAL DIRECT LOAN PROGRAM REPAYMENT
 2 PLAN OPTIONS.—Section 455(d) (20 U.S.C. 1087e(d)) is
 3 amended—

4 (1) by redesignating paragraphs (2) through
 5 (5) as paragraphs (3) through (6), respectively;

6 (2) in paragraph (1)—

7 (A) in the paragraph heading, by inserting
 8 “BEFORE JULY 1, 2022” after “SELECTION”;
 9 and

10 (B) in the matter preceding subparagraph
 11 (A), by inserting “that enters repayment before
 12 July 1, 2022,” before “a variety”;

13 (3) by inserting after paragraph (1) the fol-
 14 lowing:

15 “(2) DESIGN AND SELECTION BEGINNING JULY
 16 1, 2022.—

17 “(A) IN GENERAL.—Notwithstanding para-
 18 graph (1), for any borrower of a loan made
 19 under this part that enters repayment on or
 20 after July 1, 2022, and for any borrower sub-
 21 ject to paragraph (7), the Secretary shall offer
 22 the borrower a choice between the following 2
 23 plans for repayment of such loan, including
 24 principal and interest on the loan. The borrower
 25 may choose—

1 “(i) a fixed repayment plan described
2 in section 493E; or

3 “(ii) an income-based repayment plan
4 under section 493C(c).

5 “(B) ACCELERATION.—A borrower in re-
6 payment shall be entitled to accelerate, without
7 penalty, repayment on the borrower’s loans
8 under this part.

9 “(C) SELECTION BY THE SECRETARY.—If
10 a borrower of a loan made under this part that
11 enters repayment on or after July 1, 2022, does
12 not select a repayment plan described in sub-
13 paragraph (A) before the first payment on such
14 loan is due, the Secretary shall provide the bor-
15 rower with a fixed repayment plan described in
16 section 493E.

17 “(D) CHANGES IN SELECTIONS.—A bor-
18 rower of a loan made under this part that en-
19 ters repayment or on after July 1, 2022, may
20 change the borrower’s selection of a repayment
21 plan in accordance with subparagraphs (B) and
22 (C) of paragraph (7).

23 “(E) BORROWER IN DEFAULT.—Beginning
24 on July 1, 2022, in lieu of the requirements of
25 paragraph (6), the Secretary may require any

1 borrower who has defaulted on a loan made
 2 under this part on or after July 1, 2022, to
 3 repay the loan pursuant to an income-based re-
 4 payment plan under section 493C(c).”; and
 5 (4) by adding at the end the following:

6 “(7) BORROWERS OF LOANS MADE BEFORE
 7 JULY 1, 2022.—A borrower who is in repayment on
 8 a loan made under this part before July 1, 2022—

9 “(A) may choose to retain the repayment
 10 plan that the borrower was enrolled in on the
 11 day before such date;

12 “(B) may elect to—

13 “(i) enter an income-based repayment
 14 plan under section 493C(c);

15 “(ii) enter a fixed repayment plan de-
 16 scribed in section 493E; or

17 “(iii) switch between the repayment
 18 plans described in clauses (i) and (ii);

19 “(C) after switching to a repayment plan
 20 described in clause (i) or (ii) of subparagraph
 21 (B), shall not be permitted to select a repay-
 22 ment plan not described in subparagraph (B)
 23 for the loan; and

24 “(D) shall retain, for purposes of repay-
 25 ment or cancellation of any outstanding balance

1 of principal and interest due on a loan (as de-
 2 scribed in section 493C(b)(7)), any payments
 3 on such loan under another income-based or in-
 4 come contingent repayment plan under this title
 5 that would otherwise be qualifying.”.

6 (c) CONFORMING AMENDMENT.—Section
 7 433(b)(7)(B) (20 U.S.C. 1083(b)(7)(B)) is amended by
 8 striking “on a standard repayment plan” and inserting “,
 9 in the case of a borrower who has not selected a repayment
 10 plan, on the repayment plan designated under subpara-
 11 graph (B) of section 428(b)(9)”.

12 **SEC. 104. PROVIDING INCENTIVES TO SWITCH INTO SIM-**
 13 **PLIFIED REPAYMENT PLANS.**

14 (a) ENABLING CONSOLIDATION IN ORDER TO SIM-
 15 PLIFY REPAYMENT.—Section 455(g) (20 U.S.C.
 16 1087e(g)) is amended—

17 (1) by striking “A borrower of” and inserting
 18 the following:

19 “(1) IN GENERAL.—A borrower of”;

20 (2) by striking the second sentence; and

21 (3) by adding at the end the following:

22 “(2) ELIGIBILITY.—To be eligible for a Federal
 23 Direct Consolidation Loan under this part, a bor-
 24 rower shall meet the eligibility criteria set forth in
 25 section 428C(a)(3), except that, notwithstanding

1 section 428C(a)(3)(B), a borrower may obtain a
 2 Federal Direct Consolidation Loan if the borrower—
 3 “(A) obtains the Federal Direct Consolida-
 4 tion Loan for the purpose of—
 5 “(i) selecting the income-based repay-
 6 ment plan under section 493C(c) or fixed-
 7 income repayment plan under section
 8 495E; or
 9 “(ii) participating in the pause pay-
 10 ment process under section 460B; and
 11 “(B) meets the requirements of section
 12 428C(a)(3)(A).”.

13 (b) INCENTIVES FOR SIMPLIFIED REPAYMENT
 14 PLANS.—Part G of title IV (20 U.S.C. 1088 et seq.), as
 15 amended by section 102, is further amended by adding
 16 at the end the following:

17 **“SEC. 493F. INCENTIVES FOR SIMPLIFIED REPAYMENT**
 18 **PLANS.**

19 “(a) IN GENERAL.—To facilitate the transition of
 20 borrowers to simplified repayment plan options, the Sec-
 21 retary shall reduce the interest rate applicable under sec-
 22 tion 455(b) or 427A to a loan under part B or D held
 23 by a borrower as of July 1, 2022, by 100 basis points
 24 (or the equivalent), if the borrower of the loan, after the

1 effective date of the Affordable Loans for Any Student
2 Act—

3 “(1) changes from a repayment plan described
4 in subparagraphs (A) through (E) of section
5 455(d)(1) for such loan to an income-based repay-
6 ment plan under section 493C(c) or a fixed repay-
7 ment plan under section 493E; or

8 “(2) consolidates 1 or more loans under this
9 title, or described in section 428C(a)(4), that were
10 under a repayment plan described in subparagraphs
11 (A) through (E) of section 455(d)(1), or clauses (i)
12 through (v) of section 428(b)(9), into a Federal Di-
13 rect Consolidation Loan and selects an income-based
14 repayment plan under section 493C(c) or a fixed re-
15 payment plan under section 493E for the loan.

16 “(b) LIMITATION.—The interest rate for a loan eligi-
17 ble for the incentive under subsection (a) may be reduced
18 only once under this section.

19 “(c) RULES AND WAIVERS.—The Secretary shall pro-
20 mulgate rules carrying out the incentive program estab-
21 lished under this section. In promulgating such rules, the
22 Secretary may waive the application of—

23 “(1) subchapter I of chapter 35 of title 44,
24 United States Code (commonly known as the ‘Paper-
25 work Reduction Act’);

1 “(2) the master calendar requirements under
2 section 482;

3 “(3) negotiated rulemaking under section 492;
4 and

5 “(4) the requirement to publish the notices re-
6 lated to the system of records of the agency before
7 implementation required under paragraphs (4) and
8 (11) of section 552a(e) of title 5, United States
9 Code (commonly known as the ‘Privacy Act of
10 1974’), except that the notices shall be published not
11 later than 180 days after the date of implementation
12 of this Act.”.

13 **SEC. 105. STUDY AND PROCEDURES ON DETERMINING FAM-**
14 **ILY SIZE.**

15 (a) IN GENERAL.—The Secretary of Education, act-
16 ing jointly with the Secretary of the Treasury, shall—

17 (1) not later than 1 year after the date of en-
18 actment of this Act, publish, in the Federal Register,
19 notice of the Secretary’s intent to conduct a study
20 on the effect of using data from the Internal Rev-
21 enue Service such as personal exemptions, filing sta-
22 tus, or child tax credits, as proxies for family size
23 in an income-driven repayment plan, and invite pub-
24 lic comment regarding the study;

1 (2) after reviewing any public comments pro-
2 vided under paragraph (1), conduct the study and
3 publish the results of the study in the Federal Reg-
4 ister;

5 (3) use the results of the study conducted under
6 paragraph (1) to develop procedures for determining
7 family size for the automatic recertification of in-
8 come for an income-driven repayment plan in a man-
9 ner that minimizes burdens and unintended harm to
10 borrowers;

11 (4) publish the procedures developed under
12 paragraph (3) in the Federal Register; and

13 (5) after a notice and comment period on such
14 procedures, use such comments to finalize the proce-
15 dures.

16 (b) SPECIFICATIONS.—The study conducted under
17 subsection (a) shall—

18 (1) be completed, with the results published
19 pursuant to subsection (a)(2), not later than 3 years
20 after the date of enactment of this Act;

21 (2) determine how closely personal exemptions,
22 filing status, or child tax credits match the family
23 size that borrowers report on their income-driven re-
24 payment plan request form;

1 (3) compare the borrower’s actual monthly pay-
 2 ment amount with the monthly payment amount
 3 borrowers would have using family size information
 4 derived from tax returns;

5 (4) include data from tax year 2018 or later tax
 6 years; and

7 (5) use data from more than one year, where
 8 possible, to analyze how much family size changes
 9 over time.

10 (c) DEFINITION.—The term “income-driven repay-
 11 ment plan” means any of the following authorized under
 12 the Higher Education Act of 1965 (20 U.S.C. 1001 et
 13 seq.):

14 (1) The income-contingent repayment plan.

15 (2) The income-based repayment plan.

16 (3) The PAYE repayment plan.

17 (4) The REPAYE repayment plan.

18 **TITLE II—ENDING INTEREST** 19 **CAPITALIZATION AND ORIGI-** 20 **NATION FEES**

21 **SEC. 201. ENDING INTEREST CAPITALIZATION FOR FED-** 22 **ERAL DIRECT LOANS.**

23 Section 455 (20 U.S.C. 1087e) is amended—

24 (1) in subsection (b)—

1 (A) in the subsection heading, by inserting
 2 “and Practices” after “Rate”; and

3 (B) by adding at the end the following:

4 “(11) INTEREST PRACTICES.—

5 “(A) IN GENERAL.—Beginning on the ef-
 6 fective date of the Affordable Loans for Any
 7 Student Act, interest on a loan made under this
 8 part shall accrue and only be added to the bal-
 9 ance of interest due on the loan, and shall not
 10 ever be capitalized.

11 “(B) NO CAPITALIZATION OF INTEREST
 12 DURING IN-SCHOOL OR GRACE PERIODS.—

13 “(i) IN GENERAL.—Beginning on the
 14 effective date of the Affordable Loans for
 15 Any Student Act, interest on loans made
 16 under this part for which payments of
 17 principal are not required during the in-
 18 school and grace periods or for which pay-
 19 ments are deferred in accordance with sec-
 20 tions 427(a)(2)(C) and 428(b)(1)(M) shall
 21 accrue and be added to the balance of in-
 22 terest due from the borrower when the
 23 loan enters repayment, but shall not ever
 24 be capitalized.

1 “(ii) NOTICE REQUIREMENT.—The
 2 Secretary shall adjust any forbearance no-
 3 tice required in accordance with section
 4 428(a)(3)(A)(iii) to reflect the availability
 5 of the pause payment process pursuant to
 6 section 460B and the treatment of interest
 7 under such section.

8 “(C) LIMITED RETROACTIVITY.—For a
 9 borrower of a loan made under this part on or
 10 before the effective date of the Affordable
 11 Loans for Any Student Act that is in a status,
 12 on the day before such effective date, that in-
 13 volves interest capitalization, such loan shall
 14 have capitalization pro-rated to the effective
 15 date of such Act, but shall not be subject to
 16 further capitalization after the effective date of
 17 such Act.”; and

18 (2) in subsection (e)(5)—

19 (A) by inserting “(which, beginning after
 20 the effective date of the Affordable Loans for
 21 Any Student Act, shall not be capitalized)”
 22 after “accrued interest”; and

23 (B) by striking the second sentence.

1 **SEC. 202. ELIMINATION OF ORIGINATION FEES FOR FED-**
 2 **ERAL DIRECT LOANS.**

3 (a) REPEAL OF ORIGINATION FEES.—Subsection (c)
 4 of section 455 (20 U.S.C. 1087e(c)) is repealed.

5 (b) EFFECTIVE DATE.—The amendment made by
 6 subsection (a) shall apply with respect to loans made
 7 under part D of title IV of the Higher Education Act of
 8 1965 (20 U.S.C. 1087a et seq.) for which the first dis-
 9 bursement of principal is made on or after July 1, 2022.

10 **TITLE III—PROVIDING ASSIST-**
 11 **ANCE IN SITUATIONS OF BOR-**
 12 **ROWER DISTRESS**

13 **SEC. 301. LIMITS ON SEIZING INCOME FOR DEBT.**

14 Part D of title IV (20 U.S.C. 1087a et seq.) is
 15 amended by adding at the end the following:

16 **“SEC. 460A. LIMITS ON SEIZING INCOME FOR DEBT RELAT-**
 17 **ING TO FEDERAL STUDENT LOANS.**

18 “(a) DEFINITIONS.—In this section—

19 “(1) the term ‘adjusted gross income’ has the
 20 meaning given the term in section 62 of the Internal
 21 Revenue Code of 1986; and

22 “(2) the term ‘poverty line’ means the poverty
 23 line (as defined by the Office of Management and
 24 Budget and revised annually in accordance with sec-
 25 tion 673(2) of the Community Services Block Grant

1 Act (42 U.S.C. 9902(2))) applicable to a family of
2 the size involved.

3 “(b) LIMITATION ON COLLECTION.—

4 “(1) IN GENERAL.—Notwithstanding any other
5 provision of law, any entity engaged in the collection
6 of debts relating to loans made under this title may
7 not take any action to cause, or seek to cause, the
8 collection of such a debt that is taken from the
9 wages, Federal benefits, or other amounts due to a
10 borrower through garnishment, deduction, offset, or
11 seizure in an amount on a monthly basis that is
12 more than the amount described in paragraph (2).

13 “(2) CALCULATION.—The amount described in
14 this paragraph is the amount obtained by calculating
15 what the monthly repayment amount would be for
16 loans made under this title, with respect to the bor-
17 rower, under the income-based repayment plan
18 under section 493C(c).

19 “(3) PRESUMPTION.—For purposes of this sec-
20 tion, if an entity described in paragraph (1) is un-
21 able to determine the family size of a borrower after
22 taking reasonable steps to collect the information
23 necessary to do so, that person shall presume that
24 the family size of the borrower is 1 individual.

1 “(c) COMMUNICATIONS.—Any communication by an
 2 entity described in subsection (b)(1) that is for the pur-
 3 pose of seizing income of a consumer for debt that relates
 4 to a loan made under this title shall—

5 “(1) be considered—

6 “(A) an attempt to collect a debt; and

7 “(B) conduct in connection with the collec-
 8 tion of a debt for the purposes of this title; and

9 “(2) contain a notice to the borrower that, con-
 10 sistent with the procedures for rehabilitating a loan
 11 pursuant to section 428F(a) or consolidating loans
 12 out of default as described in section
 13 428C(a)(3)(B)(i)(V), the borrower may exit default
 14 and reenter current repayment status (as defined in
 15 section 428(l)(2)(C)) with a similar monthly pay-
 16 ment amount on an income-based repayment plan
 17 under section 493C(c) and thereby obtain the full
 18 flexibility and benefits of such status, including the
 19 ability to adjust family size and make qualifying
 20 payments for purposes of repayment or cancellation
 21 of any outstanding balance of principal and interest
 22 due on a loan (as described in section 493C(b)(7)).

23 “(d) REMEDIES.—

24 “(1) FIRST TIER.—The Secretary may impose a
 25 civil penalty on an entity for a violation of this sec-

1 tion not to exceed \$5,000 for each day during which
2 such violation continues.

3 “(2) SECOND TIER.—Notwithstanding para-
4 graph (1), the Secretary may impose a civil penalty
5 on an entity that recklessly engages in a violation of
6 this section not to exceed \$25,000 for each day dur-
7 ing which such violation continues.

8 “(3) THIRD TIER.—Notwithstanding para-
9 graphs (1) and (2), the Secretary may impose a civil
10 penalty on an entity that knowingly violates this sec-
11 tion not to exceed \$1,000,000 for each day during
12 which such violation continues.

13 “(4) NO EXEMPLARY OR PUNITIVE DAMAGES.—
14 Nothing in this subsection shall be construed as au-
15 thorizing the imposition of exemplary or punitive
16 damages.

17 “(5) ENTITIES SUBJECT TO PENALTY.—An en-
18 tity subject to a penalty under this subsection may
19 include a contractor or agent of the Department.”.

20 **SEC. 302. ALLOWING FOR MULTIPLE LOAN REHABILI-**
21 **TATIONS.**

22 (a) FFEL LOANS.—Section 428F(a)(5) (20 U.S.C.
23 1078–6(a)(5)) is amended by striking “one time per loan”
24 and inserting “2 times per loan”.

1 (b) DIRECT LOANS.—Section 455(d) (20 U.S.C.
 2 1087e(d)), as amended by section 103, is further amended
 3 by adding at the end the following:

4 “(8) LOAN REHABILITATION.—In carrying out
 5 the process for loan rehabilitation described in sec-
 6 tion 428F(a)(5) with respect to loans made under
 7 this part and in accordance with subsection (a), the
 8 Secretary shall allow a borrower to obtain the bene-
 9 fits available under such section not more than 2
 10 times per loan.”.

11 **SEC. 303. PAUSE PAYMENT PROCESS.**

12 (a) ESTABLISHMENT OF PAUSE PAYMENT PROC-
 13 ESS.—Part D of title IV (20 U.S.C. 1087a et seq.), as
 14 amended by section 301, is further amended by adding
 15 at the end the following:

16 **“SEC. 460B. PAUSE PAYMENT PROCESS.**

17 “(a) IN GENERAL.—The Secretary shall establish a
 18 single, streamlined pause payment process available in a
 19 single application with respect to loans made under this
 20 part that replaces the deferment and forbearance options
 21 and their respective applications that are available to bor-
 22 rowers before the effective date of the Affordable Loans
 23 for Any Student Act and provides temporary relief from
 24 repayment of such loans in accordance with this section.

1 “(b) APPLICATION FOR RELIEF.—Notwithstanding
 2 any other provision of this Act, a borrower of a loan made
 3 under this part that desires to receive temporary relief
 4 from repayment with respect to such loan shall request
 5 relief in accordance with the pause payment process estab-
 6 lished by the Secretary under subsection (a), which shall
 7 include the options to select a temporary cessation of pay-
 8 ments and to make smaller payments than the monthly
 9 payments required under the borrower’s repayment plan.

10 “(c) PAUSE PAYMENT.—

11 “(1) IN GENERAL.—A borrower of a loan made
 12 under this part who meets the requirements de-
 13 scribed in paragraph (2) shall be eligible for a pause
 14 payment, during which periodic installments of prin-
 15 cipal need not be paid, and interest—

16 “(A) shall not accrue, in the case of a—

17 “(i) Federal Direct Stafford Loan; or

18 “(ii) a Federal Direct Consolidation
 19 Loan that consolidated only Federal Direct
 20 Stafford Loans, or a combination of such
 21 loans and Federal Stafford Loans for
 22 which the student borrower received an in-
 23 terest subsidy under section 428; or

24 “(B) shall accrue and be added to the bal-
 25 ance of interest due but not be capitalized, or

1 be paid by the borrower, in the case of a Fed-
 2 eral Direct PLUS Loan, a Federal Direct Un-
 3 subsidized Stafford Loan, or a Federal Direct
 4 Consolidation Loan not described in subpara-
 5 graph (A)(ii).

6 “(2) ELIGIBILITY.—A borrower of a loan made
 7 under this part shall be eligible for a pause payment
 8 during any period—

9 “(A) during which—

10 “(i) the borrower is carrying at least
 11 one-half the normal full-time work load for
 12 the course of study that the borrower is
 13 pursuing, as determined by the eligible in-
 14 stitution (as such term is defined in sec-
 15 tion 435(a)) the student is attending; or

16 “(ii) in the case of a parent borrower,
 17 the borrower or the student on whose be-
 18 half the loan was borrowed is carrying at
 19 least one-half the normal full-time work
 20 load, in accordance with clause (i);

21 “(B) during which the borrower is pur-
 22 suing a course of study pursuant to a graduate
 23 fellowship program approved by the Secretary;

1 “(C) during which the borrower is serving
2 in a medical or dental internship or residency
3 program;

4 “(D) during which the borrower is in a re-
5 habilitation training program for individuals
6 with disabilities approved by the Secretary;

7 “(E) during which the borrower—

8 “(i) is serving on active duty during a
9 war or other military operation or national
10 emergency and for the 180-day period fol-
11 lowing the demobilization date for the serv-
12 ice; or

13 “(ii) qualifies for partial repayment of
14 the borrower’s loans under a provision of
15 chapter 109 or 1609 of title 10, United
16 States Code;

17 “(F) during which the borrower is per-
18 forming qualifying National Guard duty during
19 a war or other military operation or national
20 emergency and for the 180-day period following
21 the demobilization date for the service;

22 “(G) during which the borrower is serving
23 in—

24 “(i) an approved national service posi-
25 tion (as defined in section 101 of the Na-

1 tional and Community Service Act of 1990
 2 (42 U.S.C. 12511)) in an Americorps pro-
 3 gram (defined for purposes of this sub-
 4 paragraph as a program carried out under
 5 subtitle C or E of title I of the National
 6 and Community Service Act of 1990 (42
 7 U.S.C. 12571 et seq., 12611 et seq.) or
 8 title I of the Domestic Volunteer Service
 9 Act of 1973 (42 U.S.C. 4951 et seq.));

10 “(ii) in the Peace Corps; or

11 “(iii) in a teaching position that would
 12 qualify for teacher loan forgiveness under
 13 section 428J or 460;

14 “(H) not in excess of a total period of 3
 15 years of repayment of a loan during which the
 16 Secretary determines, in accordance with regu-
 17 lations prescribed under section 435(o), that
 18 the borrower has experienced or will experience
 19 an economic hardship, such as experiencing fi-
 20 nancial difficulties, having unexpected or sig-
 21 nificant medical expenses, or being unable to
 22 find full-time employment;

23 “(I) during which a borrower’s ability to
 24 make payments, as determined by the Sec-
 25 retary, has been adversely affected by—

1 “(i) any major disaster or emergency
 2 declared by the President under section
 3 401 or 501, respectively, of the Robert T.
 4 Stafford Disaster Relief and Emergency 34
 5 Assistance Act (42 U.S.C. 5170, 5191);

6 “(ii) a local emergency, as declared by
 7 the appropriate government agency; or

8 “(iii) a military mobilization;

9 “(J) during which the borrower is awaiting
 10 a determination by the Secretary of the bor-
 11 rower’s request for a pause payment, change in
 12 repayment plan, loan forgiveness or cancella-
 13 tion, or consolidation loan; or

14 “(K) during which the borrower is experi-
 15 encing other exceptional circumstances for
 16 which pause payment under this section is in
 17 the best interest of the borrower, as determined
 18 by the Secretary through regulation.”.

19 (b) CONFORMING AMENDMENTS.—Section 455 (20
 20 U.S.C. 1087e) is amended—

21 (1) in subsection (e)(7)(B)(i), by striking “is in
 22 deferment” and inserting “is under pause payment
 23 pursuant to section 460B”;

24 (2) by striking subsection (f) and inserting the
 25 following:

1 “(f) **reserved**”; and

2 (3) in subsection (l)—

3 (A) by striking “**PROGRAM.—**” and all
 4 that follows through “Using funds” and insert-
 5 ing the following: “**PROGRAM.—USING**
 6 **FUNDS**”; and

7 (B) by striking paragraph (2).

8 **SEC. 304. AUTOMATIC ENROLLMENT INTO INCOME-BASED**
 9 **REPAYMENT FOR BORROWERS WHO ARE DE-**
 10 **LINQUENT ON LOANS AND FOR BORROWERS**
 11 **WHO REHABILITATE DEFAULTED LOANS.**

12 (a) NOTIFICATION AND AUTOMATIC ENROLLMENT
 13 PROCEDURES.—Section 455(d) (20 U.S.C. 1087e(d)), as
 14 amended by sections 103 and 302, is further amended by
 15 adding at the end the following:

16 “(9) NOTIFICATION AND AUTOMATIC ENROLL-
 17 MENT PROCEDURES FOR BORROWERS WHO ARE DE-
 18 LINQUENT ON LOANS.—

19 “(A) AUTHORITY TO OBTAIN INCOME IN-
 20 FORMATION.—

21 “(i) IN GENERAL.—In the case of any
 22 borrower who is at least 60 days delin-
 23 quent on a loan made under this part, the
 24 Secretary may obtain such information as
 25 is reasonably necessary regarding the in-

1 come and family size of the borrower (and
2 the borrower’s spouse, if applicable).

3 “(ii) AVAILABILITY OF RETURNS AND
4 RETURN INFORMATION.—Returns and re-
5 turn information (as defined in section
6 6103 of the Internal Revenue Code of may
7 be obtained under this subparagraph only
8 to the extent authorized by section
9 6103(l)(13) of such Code).

10 “(B) BORROWER NOTIFICATION.—With re-
11 spect to each borrower of a loan made under
12 this part who is at least 60 days delinquent on
13 such loan and who has not been subject to the
14 procedures under this paragraph for such loan
15 in the preceding 120 days, the Secretary shall,
16 as soon as practicable after such 60-day delin-
17 quency, provide to the borrower the following:

18 “(i) Notification that the borrower is
19 at least 60 days delinquent on at least 1
20 loan under this part, and a description of
21 all delinquent loans under this part, and
22 nondelinquent loans under this part, of the
23 borrower.

24 “(ii) A brief description of the repay-
25 ment plans for which the borrower is eligi-

1 ble and the borrower's loans made under
2 this part, and loans made, insured, or
3 guaranteed under part B or E, that may
4 be eligible for such plans, based on infor-
5 mation available to the Secretary.

6 “(iii) Clear and simple instructions on
7 how to select the repayment plans.

8 “(iv) The amount of monthly pay-
9 ments for the loans made under this part,
10 and any loans made, insured, or guaran-
11 teed under part B or E, under the repay-
12 ment plans for which the borrower is eligi-
13 ble, based on information available to the
14 Secretary, including, if the income infor-
15 mation of the borrower is available to the
16 Secretary under subparagraph (A)—

17 “(I) the amount of the monthly
18 payment under the income-based re-
19 payment plan under section 493C(c)
20 for which the borrower is eligible for
21 the borrower's loans made under this
22 part, based on such income informa-
23 tion; and

24 “(II) the income, family size, tax
25 filing status, and tax year information

1 on which each the monthly payment is
2 based.

3 “(v) An explanation that the Sec-
4 retary shall take the actions under sub-
5 paragraph (C) with respect to such bor-
6 rower, if—

7 “(I) the borrower is 120 days de-
8 linquent on one or more loans under
9 this part and has not selected a new
10 repayment plan for the borrower’s
11 loans under this part; and

12 “(II) in the case of such a bor-
13 rower whose repayment plan for any
14 loans made under this part is not an
15 income-based repayment plan under
16 section 493C(c), the monthly pay-
17 ments under such repayment plan are
18 higher than such monthly payments
19 would be under an income-based re-
20 payment plan for such loans.

21 “(vi) Instructions on updating the in-
22 formation of the borrower obtained under
23 subparagraph (A).

24 “(C) SECRETARY’S INITIAL SELECTION OF
25 PLAN.—With respect to each borrower de-

1 scribed in subparagraph (B) who has a repay-
2 ment plan for loans made under this part that
3 meets the requirements of clause (v)(II) of sub-
4 paragraph (B), who has not selected a new re-
5 payment plan for such loans in accordance with
6 the notice received under such subparagraph,
7 and who is at least 120 days delinquent on such
8 a loan, the Secretary shall, as soon as prac-
9 ticable—

10 “(i) in a case in which any of the bor-
11 rower’s loans made under part B or E are
12 eligible for an income-based repayment
13 plan under section 493C(c), provide the
14 borrower with the income-based repayment
15 plan; and

16 “(ii) in a case in which none of the
17 borrower’s loans made under part B or E
18 are eligible for an income-based repayment
19 plan under section 493C(c), notify the bor-
20 rower of the actions, if any, the borrower
21 may take for such loans to become eligible
22 for such a plan.

23 “(D) SECRETARY’S ADDITIONAL SELEC-
24 TION OF PLAN.—

1 “(i) IN GENERAL.—With respect to
2 each borrower of a loan made under this
3 part who selects a new repayment plan in
4 accordance with the notice received under
5 subparagraph (B) and who continues to be
6 delinquent on such loan for a period de-
7 scribed in clause (ii), the Secretary shall,
8 as soon as practicable after such period,
9 carry out the procedures described in sub-
10 paragraph (C) for the borrower’s loans
11 made under this part, if such procedures
12 would result in lower monthly repayment
13 amounts on such loan.

14 “(ii) DESCRIPTION OF PERIOD.—The
15 duration of the period described in clause
16 shall be the amount of time that the Sec-
17 retary determines is sufficient to indicate
18 that the borrower may benefit from repay-
19 ing such loan under a new repayment plan,
20 but in no case shall such period be less
21 than 60 days.

22 “(E) OPT-OUT.—A borrower of a loan
23 made under this part shall have the right to opt
24 out of the procedures under this paragraph.

1 “(F) PROCEDURES.—The Secretary shall
 2 establish procedures as are necessary to effec-
 3 tively implement this paragraph.

4 “(10) NOTIFICATION AND AUTOMATIC ENROLL-
 5 MENT PROCEDURES FOR BORROWERS WHO ARE RE-
 6 HABILITATING DEFAULTED LOANS.—

7 “(A) AUTHORITY TO OBTAIN INCOME IN-
 8 FORMATION.—

9 “(i) IN GENERAL.—In the case of any
 10 borrower who is rehabilitating a loan made
 11 under this part pursuant to section
 12 428F(a), the Secretary may obtain such
 13 information as is reasonably necessary re-
 14 garding the income and family size of the
 15 borrower (and the borrower’s spouse, if ap-
 16 plicable).

17 “(ii) AVAILABILITY OF RETURNS AND
 18 RETURN INFORMATION.—Returns and re-
 19 turn information (as defined in section
 20 6103 of the Internal Revenue Code of may
 21 be obtained under this subparagraph only
 22 to the extent authorized by section
 23 6103(l)(13) of such Code).

24 “(B) BORROWER NOTIFICATION.—Not
 25 later than 30 days after a borrower makes the

1 6th payment required for the loan rehabilitation
2 described in subparagraph (A), the Secretary
3 shall notify the borrower of the process under
4 subparagraph (C) with respect to such loan.

5 “(C) SECRETARY’S AUTOMATIC ENROLL-
6 MENT.—With respect to each borrower who has
7 made the 9th payment required for the loan re-
8 habilitation described in subparagraph (A) and
9 is eligible for the income-based repayment plan
10 under section 493C(c), the Secretary shall, as
11 soon as practicable after such payment, provide
12 the borrower with the income-based repayment
13 plan.

14 “(D) OPT-OUT.—A borrower of a loan
15 made under this part shall have the right to opt
16 out of the procedures for enrollment in an in-
17 come-based repayment plan under this para-
18 graph.

19 “(E) PROCEDURES.—The Secretary shall
20 establish procedures as are necessary to effec-
21 tively implement this paragraph.”.

22 (b) EFFECTIVE DATE.—The amendments made by
23 subsection (a) shall—

1 (1) take effect as soon as the Secretary of Edu-
 2 cation determines practicable after the Secretary fi-
 3 nalizes the procedures under section 105; and

4 (2) apply to all borrowers of loans made under
 5 part D of title IV of the Higher Education Act of
 6 1965 (20 U.S.C. 1087a et seq.).

7 **SEC. 305. SEPARATING JOINT CONSOLIDATION LOANS.**

8 (a) IN GENERAL.—Section 455(g) (20 U.S.C.
 9 1087e(g)), as amended by section 104, is further amended
 10 by adding at the end the following:

11 “(3) SEPARATING JOINT CONSOLIDATION
 12 LOANS.—

13 “(A) IN GENERAL.—A married couple, or
 14 2 individuals who were previously a married
 15 couple, and who received a joint consolidation
 16 loan as such married couple under subpara-
 17 graph (C) of section 428C(a)(3) (as such sub-
 18 paragraph was in effect on or before June 30,
 19 2006), may apply to the Secretary for each in-
 20 dividual borrower in the married couple (or pre-
 21 viously married couple) to receive a separate
 22 Federal Direct Consolidation Loan under this
 23 part—

24 “(i) that shall—

1 “(I) unless the Secretary receives
2 notice of an agreement described in
3 subclause (II)(aa), be equal to the
4 sum of—

5 “(aa) the unpaid principal
6 and accrued unpaid interest of
7 the percentage of the joint con-
8 solidation loan that, as of the day
9 before such joint consolidation
10 loan was made, was attributable
11 to the loans of the individual bor-
12 rower for whom such separate
13 consolidation loan is being made;
14 and

15 “(bb) any other loans de-
16 scribed in section 428C(a)(4)
17 that such individual borrower se-
18 lects for consolidation under this
19 part; or

20 “(II) be equal to the sum of—

21 “(aa) the unpaid principal
22 and accrued unpaid interest of
23 the percentage of the joint con-
24 solidation loan that, as of the
25 date of application under this

1 paragraph, the married couple
2 (or previously married couple)
3 agrees shall be considered attrib-
4 utable to the loans of the indi-
5 vidual borrower for whom such
6 separate consolidation loan is
7 being made; and

8 “(bb) any other loans de-
9 scribed in section 428C(a)(4)
10 that such individual borrower se-
11 lects for consolidation under this
12 part;

13 “(ii) the proceeds of which shall be
14 paid by the Secretary to the holder or
15 holders—

16 “(I) of the joint consolidation
17 loan for the purpose of discharging
18 the liability on the percentage of such
19 joint consolidation loan described in
20 subclause (I)(aa) or (II)(aa) of clause
21 (i); and

22 “(II) of the loans selected for
23 consolidation under subclause (I)(bb)
24 or of clause (i) for the purpose of dis-
25 charging the liability on such loans;

1 “(iii) except as otherwise provided in
2 this paragraph, that has the same terms
3 and conditions, and rate of interest as the
4 joint consolidation loan, except if other
5 loans are included in such Federal Direct
6 Consolidation Loan after the date the Fed-
7 eral Direct Consolidation Loan is first
8 made under this paragraph;

9 “(iv) for which any payment made
10 under subsection (m)(1)(A) on the joint
11 consolidation loan during a period in which
12 the individual borrower for whom such sep-
13 arate consolidation loan is being made was
14 employed in a public service job described
15 in subsection (m)(1)(B) shall be treated as
16 if such payment were made on such sepa-
17 rate consolidation loan; and

18 “(v) for which any payment made
19 under an income contingent repayment
20 plan under subsection (d)(1)(D), or an in-
21 come-based repayment plan under para-
22 graph (1)(E) or (2)(A)(ii) of subsection
23 (d), on the joint consolidation loan shall be
24 treated as if such payment were made on
25 such separate consolidation loan.

1 “(B) APPLICATION FOR SEPARATE DIRECT
2 CONSOLIDATION LOANS.—

3 “(i) JOINT APPLICATION.—Except as
4 provided in clause (ii), to receive separate
5 consolidation loans under subparagraph
6 (A), both individual borrowers in a married
7 couple (or previously married couple) shall
8 jointly apply under such subparagraph.

9 “(ii) SEPARATE APPLICATION.—An
10 individual borrower in a married couple (or
11 previously married couple) may apply for a
12 separate consolidation loan under subpara-
13 graph (A) separately and without regard to
14 whether or when the other individual bor-
15 rower in the married couple (or previously
16 married couple) applies under such sub-
17 paragraph, and shall be relieved of any re-
18 maining liability for the joint consolidation
19 loan, in a case in which—

20 “(I) the individual borrower has
21 experienced from the other individual
22 borrower—

23 “(aa) domestic violence (as
24 defined in section 40002(a) of

1 the Violence Against Women Act
2 of 1994 (34 U.S.C. 12291(a));

3 “(bb) economic abuse (in-
4 cluding behaviors that control
5 such borrower’s ability to ac-
6 quire, use, and maintain access
7 to money, credit, or the joint fi-
8 nancial obligations of both bor-
9 rowers); or

10 “(cc) other exceptional cir-
11 cumstances, as determined by the
12 Secretary; and

13 “(II) the Secretary determines
14 that authorizing each individual bor-
15 rower to apply separately under sub-
16 paragraph (A) would be in the best
17 fiscal interests of the Federal Govern-
18 ment, including by reducing the risk
19 of delinquency or default.

20 “(C) BORROWER ELIGIBILITY.—Notwith-
21 standing section 428C(a)(3)(A), the Secretary
22 shall provide a consolidation loan under this
23 part to each borrower who—

24 “(i) applies for such loan under sub-
25 paragraph (A); and

1 “(ii) meets the requirements of sub-
2 paragraphs (A) and (B).”.

3 (b) CONFORMING AMENDMENT.—Section
4 428C(a)(3)(B)(i)(V) (20 U.S.C. 1078–3(3)(B)(i)(V)) is
5 amended—

6 (1) by striking “or” at the end of item (bb);

7 (2) by striking the period at the end of item
8 (cc) and inserting “; or”; and

9 (3) by adding at the end the following:

10 “(dd) for the purpose of sep-
11 arating a joint consolidation loan
12 into 2 separate Federal Direct
13 Consolidation Loans under sec-
14 tion 455(g)(3).”.

15 **SEC. 306. REMOVING THE COLLECTION COST REQUIRE-**
16 **MENT.**

17 (a) REMOVAL OF REQUIREMENT.—Section
18 484A(b)(1) (20 U.S.C. 1091a(b)(1)) is amended by strik-
19 ing “shall be required to pay, in addition to other charges
20 specified in this title, reasonable collection costs” and in-
21 serting “shall not be required to pay collection costs”.

22 (b) REPAYMENT AFTER DEFAULT.—Section
23 455(d)(6) (20 U.S.C. 1087e(d)(6)), as redesignated under
24 section 103(b), is amended by striking “to—” and all that
25 follows through the period at the end and inserting “to

1 repay the loan pursuant to an income-based repayment
 2 plan under section 493C(c).”.

3 **TITLE IV—IMPROVING LOAN IN-** 4 **FORMATION AND COUN-** 5 **SELING**

6 **SEC. 401. STUDENT LOAN CONTRACT; SIMPLIFYING LOAN** 7 **DISCLOSURES.**

8 (a) STUDENT LOAN CONTRACT.—Section 455 (20
 9 U.S.C. 1087e), as amended by section 202, is further
 10 amended by inserting after subsection (b) the following:

11 “(c) STUDENT LOAN CONTRACT; SIMPLIFYING LOAN
 12 DISCLOSURES.—

13 “(1) STUDENT LOAN CONTRACT.—

14 “(A) IN GENERAL.—Any master promis-
 15 sory note form described in section
 16 432(m)(1)(D) that is developed or used for cov-
 17 ered loans shall be referred to as a ‘student
 18 loan contract’.

19 “(B) CLARIFICATION ON USE.—Notwith-
 20 standing section 432(m)(1)(D)(i), each student
 21 loan contract for a covered loan shall—

22 “(i) not be entered into by a student
 23 unless the student has completed all re-
 24 quired counseling related to such loan, in-

cluding counseling required under section
485(l);

“(ii) be signed by the student entering
such student loan contract after completion
of such counseling;

“(iii) be signed by the student during
the first award year of such student’s en-
rollment at an institution;

“(iv) be valid for each award year
after the award year described in clause
(iii) in which the student remains enrolled
at the same institution; and

“(v) include options for the student to
enter both the student’s current contact in-
formation and permanent contact informa-
tion that is likely to remain valid upon the
student’s exit from the institution.

“(C) COVERED LOAN.—

“(i) IN GENERAL.—In this subsection,
the term ‘covered loan’ means a loan made
under this part on or after the effective
date of the Affordable Loans for Any Stu-
dent Act, except with respect to a borrower
described in clause (ii).

1 “(ii) EXCEPTION.—A borrower is de-
 2 scribed in this clause if the loan made
 3 under this part on or after the effective
 4 date of the Affordable Loans for Any Stu-
 5 dent Act with respect to such borrower is
 6 for the award year during which the Af-
 7 fordable Loans for Any Student Act is en-
 8 acted and the borrower has already taken
 9 out a loan under this part (other than a
 10 Federal Direct Consolidation Loan) for
 11 such award year (including any such loan
 12 for attendance at another institution from
 13 which the student transferred or in which
 14 the student had previously enrolled).

15 “(2) LOAN DISCLOSURES.—For loans made
 16 under this part for periods of enrollment beginning
 17 on or after the effective date of the Affordable
 18 Loans for Any Student Act, the Secretary shall take
 19 such steps as are necessary to streamline the stu-
 20 dent loan disclosure requirements under this Act.
 21 The Secretary shall ensure that information required
 22 to be disclosed to a student who is applying for, re-
 23 ceiving, or preparing to repay a loan under this part
 24 shall be consumer-tested and delivered in a manner
 25 that—

1 “(A) reduces and simplifies the paperwork
2 students are required to complete;

3 “(B) limits the number of times a student
4 is presented with disclosures by incorporating
5 the streamlined disclosures into required stu-
6 dent loan counseling under section 485(l), the
7 student loan contract under this subsection, or
8 both; and

9 “(C) is effective in helping the student un-
10 derstand the student’s rights and obligations as
11 a Federal student loan borrower.

12 “(3) LOAN ACCEPTANCE.—Prior to making the
13 first disbursement of a covered loan (other than a
14 Federal Direct Consolidation Loan) to a borrower,
15 the eligible institution shall ensure that the bor-
16 rower—

17 “(A) has completed the applicable coun-
18 seling under paragraph (2) or (3) of section
19 485(l); and

20 “(B) after completing such counseling, ac-
21 cepts the loan by—

22 “(i) signing and returning to the insti-
23 tution the student loan contract described
24 in section 455(c)(1) that affirmatively

1 states that the borrower accepts the loan;
 2 or
 3 “(ii) electronically signing an elec-
 4 tronic version of such student loan con-
 5 tract, which may be done through the on-
 6 line counseling tool in accordance with sec-
 7 tion 485(n)(1)(B).”.

8 (b) CONFORMING AMENDMENT.—Section 487(a)(7)
 9 (20 U.S.C. 1094(a)(7)) is amended by striking “section
 10 485” and inserting “sections 455(c)(3) and 485”.

11 **SEC. 402. PRE-LOAN INFORMATION AND COUNSELING RE-**
 12 **QUIREMENTS.**

13 Section 485(l) (20 U.S.C. 1092(l)) is amended to
 14 read as follows:

15 “(l) STUDENT LOAN ENTRANCE COUNSELING.—

16 “(1) STUDENT LOAN ENTRANCE COUNSELING
 17 REQUIREMENT FOR INSTITUTIONS.—

18 “(A) IN GENERAL.—Each eligible institu-
 19 tion shall ensure that, prior to the date of the
 20 disbursement of a loan for a period of enroll-
 21 ment at such institution, each individual for
 22 whom the institution has knowledge that the in-
 23 dividual has accepted, or will accept, 1 or more
 24 student loans under part D (including any such
 25 loans for attendance at another institution from

1 which the student transferred or in which the
 2 student had previously enrolled, other than a
 3 Federal Direct Consolidation Loan) for such pe-
 4 riod of enrollment, receives comprehensive in-
 5 formation on the terms and conditions of such
 6 loans and the responsibilities the individual has
 7 with respect to such loans. Such information
 8 shall be provided in a simple, understandable,
 9 and consumer-friendly manner during a coun-
 10 seling session conducted—

11 “(i) in person;

12 “(ii) online, with the individual ac-
 13 knowledging receipt of the information; or

14 “(iii) through the use of the online
 15 counseling tool described in subsection
 16 (n)(1)(B).

17 “(B) USE OF INTERACTIVE PROGRAMS.—

18 In the case of institutions not using the online
 19 counseling tool described in subsection
 20 (n)(1)(B), the Secretary shall require such in-
 21 stitutions to carry out the requirements of sub-
 22 paragraph (A) through the use of interactive
 23 programs, during a counseling session that is
 24 in-person or online, that test the individual’s
 25 understanding of the terms and conditions of

1 the loan awarded to the individual, using simple
2 and understandable language and clear for-
3 matting.

4 “(2) LOAN COUNSELING FOR BORROWERS RE-
5 CEIVING LOANS MADE UNDER PART D (OTHER THAN
6 PARENT PLUS LOANS).—The information to be pro-
7 vided under paragraph (1)(A) to a borrower of a
8 loan made under part D (other than a Federal Di-
9 rect PLUS Loan made on behalf of a dependent stu-
10 dent) shall include the following:

11 “(A) A notification that some students
12 may qualify for other financial aid that does not
13 need to be repaid, and an explanation that the
14 borrower should consider accepting any such
15 grant, scholarship, military tuition assistance,
16 veterans benefits, Federal or State work-study,
17 or other programs for which the borrower is eli-
18 gible, prior to accepting student loans.

19 “(B) An explanation of the use of the stu-
20 dent loan contract referred to in section 455(c).

21 “(C) A recommendation to the borrower to
22 exhaust the borrower’s Federal student loan op-
23 tions prior to taking out private education
24 loans, an explanation that Federal student
25 loans typically offer better terms and conditions

1 than private education loans, an explanation
2 that Federal student loans offer consumer pro-
3 tections typically not available in the private
4 education loan market, an explanation of treat-
5 ment of loans made under part D and private
6 education loans in bankruptcy, and an expla-
7 nation that if a borrower decides to take out a
8 private education loan—

9 “(i) the borrower has the ability to se-
10 lect a private educational lender of the bor-
11 rower’s choice;

12 “(ii) the proposed private education
13 loan may impact the borrower’s potential
14 eligibility for other financial assistance, in-
15 cluding Federal financial assistance under
16 this title; and

17 “(iii) the borrower has a right—

18 “(I) to accept the terms of the
19 private education loan within 30 cal-
20 endar days following the date on
21 which the application for such loan is
22 approved and the borrower receives
23 the required disclosure documents,
24 pursuant to section 128(e) of the

1 Truth in Lending Act (15 U.S.C.
2 1638(e)); and

3 “(II) to cancel such loan within 3
4 business days of the date on which the
5 loan is consummated, pursuant to sec-
6 tion 128(e)(7) of such Act (15 U.S.C.
7 1638(e)(7)).

8 “(D) An explanation of the importance of
9 contacting the appropriate offices at the institu-
10 tion of higher education if the student with-
11 draws prior to completing a program of study
12 so that the institution can provide exit coun-
13 seling, including information regarding the bor-
14 rower’s repayment options and loan consolida-
15 tion.

16 “(E) A general description of the terms
17 and conditions under which the student may ob-
18 tain forgiveness or cancellation of any principal
19 and interest of a loan issued under this title.

20 “(F) Information as to how the borrower
21 can access their loan records and the contact
22 information for inquiries regarding repaying the
23 loan.

24 “(G) The contact information for the fi-
25 nancial aid office, or other appropriate office, at

1 the institution that the borrower may contact if
2 the borrower has any questions about the bor-
3 rower's rights and responsibilities or the terms
4 and conditions of the loan.

5 “(H) An explanation that the borrower has
6 the right to annually request a copy of the cred-
7 it report of the borrower from a consumer re-
8 porting agency pursuant to section 612(a) of
9 the Fair Credit Reporting Act (15 U.S.C.
10 1681j(a)).

11 “(I) An explanation that—

12 “(i) the borrower may be contacted
13 during the repayment period by a third-
14 party student debt relief company;

15 “(ii) the borrower should use caution
16 when dealing with such a company; and

17 “(iii) the services that such a com-
18 pany typically provides are offered to bor-
19 rowers free of charge through the Depart-
20 ment or the borrower's servicer.

21 “(3) BORROWERS RECEIVING PARENT PLUS
22 LOANS FOR DEPENDENT STUDENTS.—The informa-
23 tion to be provided under paragraph (1)(A) to a bor-
24 rower of a Federal Direct PLUS Loan made on be-

1 half of a dependent student shall include the fol-
 2 lowing:

3 “(A) A notification that some students
 4 may qualify for other financial aid and an ex-
 5 planation that the student for whom the bor-
 6 rower is taking out the loan should consider ac-
 7 cepting any such grant, scholarship, military
 8 tuition assistance, veterans benefits, Federal or
 9 State work-study jobs, or other programs for
 10 which the student for whom the borrower is
 11 taking out the loan is eligible, prior to bor-
 12 rowing any Federal Direct PLUS Loan on be-
 13 half of a dependent student.

14 “(B) The information described in sub-
 15 paragraphs (B) through (I) of paragraph (2),
 16 as applicable.

17 “(C) The circumstances under which a
 18 borrower of a Federal Direct PLUS Loan made
 19 on behalf of a dependent student may transfer
 20 such loan to the student for whom the loan was
 21 taken out.”.

22 **SEC. 403. EXIT COUNSELING.**

23 Section 485(b) (20 U.S.C. 1092(b)) is amended to
 24 read as follows:

25 “(b) STUDENT LOAN EXIT COUNSELING.—

1 “(1) IN GENERAL.—

2 “(A) COUNSELING INCLUDED.—Each eligi-
3 ble institution shall provide counseling to bor-
4 rowers of loans made under part D (including
5 any such loans for attendance at another insti-
6 tution from which the student transferred or in
7 which the student had previously enrolled, other
8 than a Federal Direct Consolidation Loan)
9 prior to the completion of the course of study
10 for which the borrower enrolled at the institu-
11 tion or at the time of departure from such insti-
12 tution. The counseling required by this sub-
13 section shall be provided through the use of an
14 interactive program, during an exit counseling
15 session that is in-person or online, or through
16 the use of the online counseling tool described
17 in subsection (n)(1)(A), and shall include—

18 “(i) an explanation of the grace period
19 preceding repayment and the expected date
20 that the borrower will enter repayment;

21 “(ii) an explanation that the borrower
22 has the option to pay any interest that has
23 accrued while the borrower was in school
24 or that may accrue during the grace period

1 preceding repayment or during an author-
2 ized period of pause payment;

3 “(iii) the outstanding balance of prin-
4 cipal and interest owed by the borrower at
5 the time of such counseling on loans made,
6 insured, or guaranteed to the borrower
7 under this title;

8 “(iv) information on the repayment
9 plans available, including a description of
10 the different features of each plan and
11 sample information showing the average
12 anticipated monthly payments, and the dif-
13 ference in interest paid and total pay-
14 ments, under each plan;

15 “(v) a description of the borrower’s
16 options for pause payment under section
17 460B;

18 “(vi) a description of the Federal tax
19 benefits that may be available for repaying
20 loans made under this title;

21 “(vii) a description of the terms and
22 conditions under which the student may
23 obtain forgiveness or cancellation of any
24 principal and interest of a loan made
25 under this title;

1 “(viii) an explanation that the bor-
2 rower has the option to prepay each loan,
3 pay each loan on a shorter schedule, and
4 change repayment plans;

5 “(ix) the implications of, and options
6 to get out of, default on a loan;

7 “(x) information as to how the stu-
8 dent borrower can access their loan
9 records;

10 “(xi) an explanation that—

11 “(I) the borrower may be con-
12 tacted during the repayment period by
13 a third-party student debt relief com-
14 pany;

15 “(II) the borrower should use
16 caution when dealing with such a
17 company; and

18 “(III) the services that such a
19 company typically provides are offered
20 to borrowers free of charge through
21 the Department or the borrower’s
22 servicer; and

23 “(xii) an explanation that the bor-
24 rower has the right to annually request a
25 copy of the credit report of the borrower

1 from a consumer reporting agency pursu-
2 ant to section 612(a) of the Fair Credit
3 Reporting Act (15 U.S.C. 1681j(a)).

4 “(B) STUDENTS LEAVING WITHOUT PRIOR
5 NOTICE TO THE INSTITUTION.—In the case of
6 borrower who leaves an institution without the
7 prior knowledge of the institution, the institu-
8 tion shall attempt to provide the information
9 described in subparagraph (A) to the borrower
10 in online or in writing, except that in the case
11 of an institution using the online counseling
12 tool described in subsection (n)(1)(A), the Sec-
13 retary shall attempt to provide such information
14 to the borrower in the manner described in sub-
15 section (n)(3)(C).

16 “(2) INFORMATION TO BE SUBMITTED BY BOR-
17 ROWER.—

18 “(A) IN GENERAL.—Each eligible institu-
19 tion shall require that the borrower of a loan
20 made under part D submit to the institution,
21 during the exit counseling required by this sub-
22 section—

23 “(i) the borrower’s expected perma-
24 nent address after leaving the institution;

1 “(ii) the borrower’s most recent con-
 2 tact information; and

3 “(iii) any corrections in the institu-
 4 tion’s records relating the borrower’s
 5 name, social security number, and driver’s
 6 license number, as applicable.

7 “(B) INFORMATION TO BE PROVIDED TO
 8 THE SECRETARY.—Each eligible institution
 9 shall, not later than 60 days after the date of
 10 collection of the information described in sub-
 11 paragraph (A), forward the information re-
 12 ceived from the borrower to the Secretary.

13 “(C) RULE OF CONSTRUCTION.—Nothing
 14 in this subsection shall be construed to prohibit
 15 an institution of higher education from utilizing
 16 electronic means to provide personalized exit
 17 counseling.”.

18 **SEC. 404. ONLINE COUNSELING TOOLS.**

19 Section 485 (20 U.S.C. 1092), as amended by this
 20 Act, is further amended by adding at the end the fol-
 21 lowing:

22 “(n) ONLINE COUNSELING TOOLS.—

23 “(1) IN GENERAL.—Beginning not later than 1
 24 year after the date of enactment of the Affordable

1 Loans for Any Student Act, the Secretary shall
2 maintain—

3 “(A) an online counseling tool that pro-
4 vides the exit counseling required under sub-
5 section (b) and meets the applicable require-
6 ments of this subsection; and

7 “(B) an online counseling tool that pro-
8 vides the counseling required under subsection
9 (l), enables a borrower to electronically sign and
10 accept the borrower’s student loan contract,
11 and meets the applicable requirements of this
12 subsection.

13 “(2) REQUIREMENTS OF TOOLS.—In maintain-
14 ing the online counseling tools described in para-
15 graph (1), the Secretary shall ensure that each such
16 tool, and its underlying content—

17 “(A) are consumer tested, in consultation
18 with other relevant Federal agencies, students,
19 borrowers, institutions of higher education, sec-
20 ondary school and postsecondary counselors,
21 and consumer advocacy organizations, to ensure
22 that the tool is effective in helping individuals
23 understand their rights and obligations with re-
24 spect to borrowing a loan made under part D;

1 “(B) are understandable to borrowers of
2 loans made under part D;

3 “(C) are freely available to all eligible in-
4 stitutions; and

5 “(D) integrate applicable loan data from
6 the National Student Loan Data System or a
7 successor system, including data regarding
8 loans made, insured, or guaranteed under this
9 title and data regarding private education
10 loans, pursuant to section 485B(i).

11 “(3) RECORD OF COUNSELING COMPLETION.—
12 The Secretary shall—

13 “(A) use each online counseling tool de-
14 scribed in paragraph (1) to—

15 “(i) keep a record of which individuals
16 have received counseling using the tool;
17 and

18 “(ii) notify the applicable institutions
19 of the individual’s completion of such coun-
20 seling;

21 “(B) in the case of a borrower who re-
22 ceives counseling for a loan made under part D
23 using the tool described in paragraph (1)(B)—

24 “(i) enable the borrower to accept and
25 electronically sign the student loan con-

1 tract as required under section
2 455(c)(3)(B)(ii), and notify the applicable
3 institutions that the individual completed
4 the counseling and electronically signed the
5 contract; and

6 “(ii) if the borrower chooses not to
7 sign the student loan contract through the
8 online counseling tool—

9 “(I) inform the borrower,
10 through the online counseling tool, of
11 the date by when the borrower should
12 accept and sign the student loan con-
13 tract for which the borrower has re-
14 ceived such counseling; and

15 “(II) notify the applicable insti-
16 tution that the borrower completed
17 the counseling but did not sign the
18 student loan contract; and

19 “(C) in the case of a borrower described in
20 subsection (b)(1)(B) at an institution that uses
21 the online counseling tool described in para-
22 graph (1)(A) of this subsection, attempt to pro-
23 vide the information described in subsection
24 (b)(1)(A) to the borrower through such tool.”.

1 **SEC. 405. PRIVATE EDUCATION LOAN CERTIFICATION AND**
2 **INFORMATION.**

3 (a) AMENDMENTS TO THE HIGHER EDUCATION ACT
4 OF 1965.—

5 (1) IN GENERAL.—Section 487(a) (20 U.S.C.
6 1094(a)) is amended by striking paragraph (28) and
7 inserting the following:

8 “(28)(A) The institution shall—

9 “(i) upon the request of a private edu-
10 cational lender, acting in connection with an ap-
11 plication initiated by a borrower for a private
12 education loan in accordance with section
13 128(e)(3) of the Truth in Lending Act, provide
14 certification to such private educational lend-
15 er—

16 “(I) that the student who initiated the
17 application for the private education loan,
18 or on whose behalf the application was ini-
19 tiated, is enrolled or is scheduled to enroll
20 at the institution;

21 “(II) of such student’s cost of attend-
22 ance at the institution as determined under
23 part F; and

24 “(III) of the difference between—

25 “(aa) the cost of attendance at
26 the institution; and

1 “(bb) the student’s estimated fi-
2 nancial assistance received under this
3 title and other assistance known to
4 the institution, as applicable; and

5 “(ii) provide the certification described in
6 clause (i), or notify the private educational
7 lender that the institution has received the re-
8 quest for certification and will need additional
9 time to comply with the certification request—

10 “(I) within 15 business days of receipt
11 of such certification request; and

12 “(II) only after the institution has
13 completed the activities described in sub-
14 paragraph (B).

15 “(B) The institution shall, upon receipt of a
16 certification request described in subparagraph
17 (A)(i), and prior to providing such certification—

18 “(i) determine whether the student who
19 initiated the application for the private edu-
20 cation loan, or on whose behalf the application
21 was initiated, has applied for and exhausted the
22 Federal financial assistance available to such
23 student under this title and inform the student
24 accordingly; and

1 “(ii) provide the borrower whose loan ap-
 2 plication has prompted the certification request
 3 by a private education lender, as described in
 4 subparagraph (A)(i), with the following infor-
 5 mation and disclosures:

6 “(I) If the borrower has not yet ex-
 7 hausted the financial assistance available
 8 to the borrower under this title, the
 9 amount of additional Federal student as-
 10 sistance for which the borrower is eligible
 11 and the potential advantages of Federal
 12 loans under this title, including disclosure
 13 of—

14 “(aa) the fixed interest rates and
 15 pause payment processes;

16 “(bb) the option for and terms of
 17 income-based repayment, loan forgive-
 18 ness programs, and additional protec-
 19 tions; and

20 “(cc) the higher student loan lim-
 21 its for dependent students whose par-
 22 ents are not eligible for a Federal Di-
 23 rect PLUS Loan.

1 “(II) The borrower’s ability to select a
2 private educational lender of the bor-
3 rower’s choice.

4 “(III) The impact of a proposed pri-
5 vate education loan on the borrower’s po-
6 tential eligibility for other financial assist-
7 ance, including Federal financial assistance
8 under this title.

9 “(IV) The borrower’s right to accept
10 or reject a private education loan within
11 the 30-day period following a private edu-
12 cational lender’s approval of a borrower’s
13 application, and a borrower’s 3-day right
14 to cancel period under section 128(e)(7) of
15 the Truth in Lending Act (15 U.S.C.
16 1650(e)(7)).

17 “(C) For purposes of this paragraph, the terms
18 ‘private educational lender’ and ‘private education
19 loan’ have the meanings given such terms in section
20 140 of the Truth in Lending Act (15 U.S.C.
21 1650).”.

22 (2) NATIONAL STUDENT LOAN DATA SYSTEM.—
23 Section 485B (20 U.S.C. 1092b) is amended—

24 (A) in subsection (a), by striking “and
25 loans made under parts D and E” and insert-

1 ing “, loans made under parts D and E, and
 2 private education loans (in accordance with sub-
 3 section (i))”;

4 (B) in subsection (g), in the subsection
 5 heading, by inserting “FOR FEDERAL LOANS”
 6 after “DATA REPORTING”; and

7 (C) by adding at the end the following:

8 “(j) PRIVATE EDUCATION LOAN REPORTING.—The
 9 Secretary shall include in the National Student Loan Data
 10 System the information regarding private education loans
 11 that the Director of the Consumer Financial Protection
 12 Bureau, in coordination with the Secretary, determines
 13 necessary to be included pursuant to section
 14 128(e)(9)(B)(ii) of the Truth in Lending Act (15 U.S.C.
 15 1638(e)(9)(B)(ii)).”.

16 (3) EFFECTIVE DATE.—The amendments made
 17 by paragraphs (1) and (2) shall take effect on the
 18 effective date of the regulations described in sub-
 19 section (b)(3).

20 (b) AMENDMENTS TO THE TRUTH IN LENDING
 21 ACT.—

22 (1) IN GENERAL.—Section 128(e) of the Truth
 23 in Lending Act (15 U.S.C. 1638(e)) is amended—

24 (A) by striking paragraph (3) and insert-
 25 ing the following:

1 “(3) INSTITUTIONAL CERTIFICATION RE-
2 QUIRED.—

3 “(A) IN GENERAL.—Except as provided in
4 subparagraph (B), before a private educational
5 lender may issue any funds with respect to a
6 private education loan, the private educational
7 lender shall obtain, from the relevant institution
8 of higher education where such loan is to be
9 used for a student, a certification in accordance
10 with section 485(a)(28)(A) of the Higher Edu-
11 cation Act of 1965 (20 U.S.C.
12 1094(a)(28)(A))—

13 “(i) confirming that the student is en-
14 rolled or is scheduled to be enrolled at the
15 institution; and

16 “(ii) stating—

17 “(I) the student’s cost of attend-
18 ance at the institution, as determined
19 by the institution under part F of title
20 IV of the Higher Education Act of
21 1965 (20 U.S.C. 1087kk et seq.); and

22 “(II) the difference between—

23 “(aa) such cost of attend-
24 ance; and

1 “(bb) the student’s esti-
2 mated financial assistance, in-
3 cluding such assistance received
4 under title IV of the Higher Edu-
5 cation Act of 1965 (20 U.S.C.
6 1070 et seq.) and other financial
7 assistance known to the institu-
8 tion, as applicable.

9 “(B) TIMING.—Pursuant to section
10 485(a)(28)(A) of the Higher Education Act of
11 1965 (20 U.S.C. 1094(a)(28)(A)), a private
12 education lender shall receive the certification
13 described in subparagraph (A) within 15 days
14 of a request by the private education lender,
15 unless the institution of higher education noti-
16 fies the private educational lender pursuant to
17 section 485(a)(28)(A)(ii) of such Act that addi-
18 tional time is needed.

19 “(C) ADDITIONAL REQUIREMENTS.—Upon
20 receiving the certification described in subpara-
21 graph (A) for a private education loan, the pri-
22 vate educational lender—

23 “(i) may proceed to issue funds with
24 respect to the private education loan; and

1 “(ii) after issuing the private edu-
 2 cation loan, shall—

3 “(I) notify the institution of
 4 higher education involved that the pri-
 5 vate education loan has been issued to
 6 the borrower, and the amount of such
 7 loan; and

8 “(II) provide the Director of the
 9 Consumer Financial Protection Bu-
 10 reau and the Secretary of Education
 11 with the information described in
 12 paragraph (9)(B).”;

13 (B) by redesignating paragraphs (9), (10),
 14 and (11), as paragraphs (10), (11), and (12),
 15 respectively; and

16 (C) by inserting after paragraph (8) the
 17 following:

18 “(9) PROVISION OF INFORMATION.—

19 “(A) PROVISION OF INFORMATION TO BOR-
 20 ROWERS.—

21 “(i) LOAN STATEMENTS.—A private
 22 educational lender that issues any funds
 23 with respect to a private education loan
 24 shall—

1 “(I) send loan statements, if the
 2 loan is to be used for a student, to
 3 borrowers of the funds not less than
 4 once every 3 months during the time
 5 that the student is enrolled at an in-
 6 stitution of higher education; and

7 “(II) in the case of a private edu-
 8 cation loan that includes a cosigner,
 9 annually send a loan statement to the
 10 borrower’s cosigner, notifying the co-
 11 signer of the terms, conditions, and
 12 status of such private education loan.

13 “(ii) CONTENTS OF LOAN STATE-
 14 MENT.—Each statement described in
 15 clause (i) shall—

16 “(I) report the borrower’s total
 17 remaining debt to the private edu-
 18 cational lender, including accrued but
 19 unpaid interest and capitalized inter-
 20 est;

21 “(II) report any debt increases
 22 since the last statement; and

23 “(III) list the current interest
 24 rate for each loan.

1 “(B) PROVISION OF INFORMATION TO
2 FEDERAL AGENCIES.—

3 “(i) INFORMATION FROM LENDER.—
4 Each private educational lender shall—

5 “(I) submit to the Director of the
6 Consumer Financial Protection Bu-
7 reau and the Secretary of Education
8 such information regarding a private
9 education loan as may be determined
10 necessary by the Director and the
11 Secretary under clause (ii) for inclu-
12 sion in the National Student Loan
13 Data System under section 485B(i) of
14 the Higher Education Act of 1965 (20
15 U.S.C. 1092b(i)); and

16 “(II) prepare and submit an an-
17 nual report to the Consumer Finan-
18 cial Protection Bureau regarding the
19 private education loans issued by the
20 private educational lender.

21 “(ii) PROMULGATION OF REGULA-
22 TIONS.—Not later than 1 year after the
23 date of enactment of the Affordable Loans
24 for Any Student Act, the Director of the
25 Consumer Financial Protection Bureau, in

1 coordination with the Secretary of Edu-
2 cation, shall promulgate regulations re-
3 garding the private education loan infor-
4 mation required to be submitted under
5 clause (i), including the content, method,
6 and format for submission. The informa-
7 tion required for inclusion in the National
8 Student Loan Data System shall include—

9 “(I) information identifying the
10 borrower, including the borrower’s
11 name and social security number;

12 “(II) the name of the institution
13 of higher education that has certified
14 the private education loan;

15 “(III) the name of the lender;

16 “(IV) the amount of the private
17 education loan;

18 “(V) the term, or other enroll-
19 ment period, for which the private
20 education loan is issued; and

21 “(VI) whether a cosigner was re-
22 quired as a condition of the private
23 education loan.”.

1 (2) DEFINITION OF PRIVATE EDUCATION
2 LOAN.—Section 140(a)(8)(A) of the Truth in Lend-
3 ing Act (15 U.S.C. 1650(a)(8)(A)) is amended—

4 (A) by redesignating clause (ii) as clause
5 (iii);

6 (B) in clause (i), by striking “and” after
7 the semicolon; and

8 (C) by adding after clause (i) the following:

9 “(ii) is not made, insured, or guaran-
10 teed under title VII or title VIII of the
11 Public Health Service Act (42 U.S.C. 292
12 et seq. and 296 et seq.); and”.

13 (3) REGULATIONS.—

14 (A) IN GENERAL.—Not later than 1 year
15 after the date of enactment of this Act, the Di-
16 rector of the Consumer Financial Protection
17 Bureau, in coordination with the Secretary of
18 Education, shall promulgate regulations to im-
19 plement paragraphs (3) and (9) of section
20 128(e) of the Truth in Lending Act (15 U.S.C.
21 1638(e)), as amended by paragraph (1) of this
22 subsection.

23 (B) EFFECTIVE DATE.—The regulations
24 promulgated under subparagraph (A) shall take

1 effect on the date that is 180 days after the
 2 date on which the regulations are promulgated.

3 **TITLE V—EFFECTIVE DATE;**
 4 **TRANSITION; IMPLEMENTATION**

5 **SEC. 501. EFFECTIVE DATE; RULEMAKING REGARDING TER-**
 6 **MINATION OF CERTAIN REPAYMENT PLANS;**
 7 **IMPLEMENTATION.**

8 (a) EFFECTIVE DATE.—Except as otherwise specifi-
 9 cally provided, this Act, and the amendments made by this
 10 Act, shall take effect on July 1, 2022.

11 (b) APPLICABILITY WITH RESPECT TO FORBEAR-
 12 ANCE AND DEFERMENT FOR DIRECT LOAN BOR-
 13 ROWERS.—With respect to any borrower of a loan under
 14 part D of title IV of the Higher Education Act of 1965
 15 (20 U.S.C. 1087a et seq.) that is, or has been, in forbear-
 16 ance or deferment as of the day before the effective date
 17 described in subsection (a), the Secretary shall take such
 18 steps as are necessary—

19 (1) to transfer a borrower with a loan in for-
 20 bearance or deferment as of such day automatically
 21 into relief provided under the pause payment process
 22 established under section 460B of such Act (as
 23 amended by this Act); and

24 (2) to ensure that the period of time for which
 25 a borrower is eligible for pause payment under such

1 section 460B for a loan is appropriately reduced to
2 account for any time the loan was previously in for-
3 bearance or deferment.

4 (c) REGULATIONS.—Before the effective date de-
5 scribed in subsection (a), the Secretary of Education shall
6 carry out a plan to end all eligibility for repayment plans
7 other than a fixed repayment plan described in section
8 493E of the Higher Education Act of 1965, as added by
9 this Act, and an income-based repayment plan under sec-
10 tion 493C(c) of such Act (20 U.S.C. 1098e(f)) for loans
11 made under part B or D of title IV of such Act, unless
12 the borrower is enrolled in another repayment plan before
13 such effective date, in accordance with the amendments
14 made by this Act.

15 (d) IMPLEMENTATION.—In carrying out the amend-
16 ments made by this Act, or any regulations promulgated
17 under this Act, the Secretary of Education may waive the
18 application of—

19 (1) subchapter I of chapter 35 of title 44,
20 United States Code (commonly known as the “Pa-
21 perwork Reduction Act”);

22 (2) the master calendar requirements under
23 section 482 of the Higher Education Act of 1965
24 (20 U.S.C. 1089);

1 (3) negotiated rulemaking under section 492 of
2 the Higher Education Act of 1965 (20 U.S.C.
3 1098a); and

4 (4) the requirement to publish the notices re-
5 lated to the system of records of the agency before
6 implementation required under paragraphs (4) and
7 (11) of section 552a(e) of title 5, United States
8 Code (commonly known as the “Privacy Act of
9 1974”).

○